

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
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APPROVED BY - -:CWSCHMIDT
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FM SECSTATE WASHDC
TO AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: BPRO, EFIN, PL

SUBJECT: EXIMBANK'S U.S. DOLS 51 MILLION CFF WITH BANK
HANDLOWY (HANDLOBANK)

REF: (A) WARSAW 02049

1. IN SPECIFIC INSTANCES, EXIMBANK IS WILLING TO CONSIDER
REQUESTS FROM THE COOPERATING INSTITUTION, HANDLOBANK
IN THIS CASE, TO GUARANTEE U.S. BANK LOANS EXTENDED IN
CONNECTION WITH CFF EXPORT LOANS. AT THE PRESENT TIME,
EXIMBANK PROVIDES CFF GUARANTEES TO U.S. BANKS LENDING IN
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ISRAEL, PORTUGAL AND CERTAIN LATIN AMERICAN COUNTRIES
WHERE THE U.S. BANKING COMMUNITY IS GENERALLY UNABLE OR
UNWILLING TO LEND ON A MEDIUM TERM BASIS FOR POLITICAL AND
OR ECONOMIC REASONS. U.S. BANKS WHICH RECEIVE OUR GUAR-
ANTEE MAY SECURE THEIR FUNDS DOMESTICALLY OR IN THE
EURODOLLAR MARKET.

2. HANDLOBANK HAS NOT NOW INDICATED TO EXIMBANK THAT A

CFF GUARANTEE IS REQUIRED TO FACILITATE ITS BORROWING OF MEDIUM TERM FUNDS FROM U.S. BANKS NOR HAS THIS BEEN INDICATED IN PAST YEARS. HISTORICALLY, HANDLOBANK HAS BEEN UNWILLING TO ABSORB GUARANTEE FEES UNDER OTHER EXIMBANK

PROGRAMS AND THE CFF HAS ALWAYS BEEN USED WITHOUT OUR GUARANTEE. EXIMBANK HAS SURMISED THAT HANDLOBANK, AS A GOVERNMENT INSTITUTION, HAS NOT NEEDED EXIMBANK'S CFF GUARANTEE IN RAISING MEDIUM TERM FUNDS FROM U.S. BANKS.

3. REF A IMPLIES THAT FIRST CHICAGO IS WILLING TO PROVIDE FUNDS TO HANDLOBANK TO MATCH EXIMBANK'S GUARANTEE. THE GUARANTEE, ACCORDING TO FIRST CHICAGO, WOULD ALLOW IT TO LEND AN AMOUNT GREATER THAN U.S. DOLS 5 MILLION. PRE-SUMABLY HANDLOBANK COULD TURN TO OTHER U.S. BANKS FOR CREDITS TO MATCH ADDITIONAL PORTIONS OF THE EXIMBANK CFF. UNLESS HANDLOBANK HAS A PROBLEM IN OBTAINING SUFFICIENT DOLLAR CREDITS FROM VARIOUS BANKS TO MATCH THE CFF CREDIT, EXIMBANK WOULD NOT CONSIDER PROVIDING ITS CFF GUARANTEE TO FIRST CHICAGO OR ANY OTHER BANK. IF HANDLOBANK IS UNABLE TO BORROW ADDITIONAL FUNDS FROM OTHER US BANKS WE WOULD LIKE IT TO CONTACT AND ADVISE EXIMBANK DIRECTLY OF ITS EFFORTS AND REQUEST CFF GUARANTEE. AT THAT POINT EXIMBANK COULD AGAIN REVIEW ITS POSITION ON PROVIDING ITS GUARANTEE IN CONJUNCTION WITH THE CFF CREDIT LINE TO HANDLO
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BANK.

4. EXIMBANK WILL FORWARD BY POUCH 10 COPIES OF CURRENT BROCHURES ON THE CFF PROGRAM PER YOUR REQUEST. CHRISTOPHER

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